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RHEFDIA/DIA WASHINGTON DC  
RUEHIL/AMEMBASSY ISLAMABAD 2109  
RUEHBUL/AMEMBASSY KABUL 2080  
RUEHML/AMEMBASSY MANILA 0154  
RUEHNE/AMEMBASSY NEW DELHI 2084  
RHEHAAA/NSC WASHINGTON DC  
RUEKJCS/SECDEF WASHINGTON DC  
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UNCLAS SECTION 01 OF 03 DUSHANBE 000690

SIPDIS

SIPDIS

COMMERCE/ITA FOR RISD  
COMMERCE/ITA FOR DYCK  
COMMERCE/ITA FOR SABIT  
STATE FOR SCA/CEN  
STATE FOR EB  
ASTANA PLEASE PASS TO SCO STU SCHAAAG  
ALMATY PASS TO SABIT/ASHKENOVA

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [ECON](#) [EFIN](#) [TI](#) [AF](#) [KG](#) [UZ](#) [KZ](#)

SUBJECT: PROVING WHY SABIT IS "SPECIAL" IN TAJIKISTAN

REF: NONE

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¶1. (U) Summary: We may be neighbors, but we aren't well connected. This theme underscored a Central Asian Transportation Infrastructure Conference May 7, sponsored by the U.S. Department of Commerce along with Embassy Dushanbe, to highlight the Special American Business Internship Training program (SABIT) contribution to the transportation sector. The conference provided an opportunity for Central Asian transport representatives to discuss their accomplishments and challenges within their respective transport sectors, along with the potential for future cooperation and growth. Over 15 conference participants had previously received training through the SABIT program, demonstrating the results of this high-impact exchange program. Representatives from Tajikistan, Afghanistan, Kyrgyzstan and Kazakhstan focused on improving aviation and road construction efforts to integrate Central and South Asia. The high level of participation -- more than 80 attendees -- demonstrated the desire for economic integration in the region and building/renovating roads between Kazakhstan and Karachi. Participants displayed some unwillingness to answer hard questions in the large-group forum. However, the conference met its goals in side conversations as private companies talked contracts, airport managers traded experiences, and weary travelers swapped stories. End Summary.

¶2. (U) Department of Commerce Deputy Assistant Secretary for Europe Paul Dyck opened the conference by explaining the U.S. government desire to expand U.S. trade links with Central Asia, while reducing trade and investment barriers through initiatives such as the Central Asia Trade and Investment Framework Agreement (TIFA). He also highlighted our mutual goal to create

a regional electricity market, improve customs regimes and border security, and integrate telecom systems. Tajik Deputy Minister of Transportation Djumahon Zuhurov thanked the U.S. government for these initiatives, which he agreed would cut poverty and raise the standard of living for all Central Asians.

13. (U) The problems incoming visitors faced trying to get to the conference displayed perfectly the infrastructure challenges the region faces. Two Department of Commerce representatives missed their connecting flight from Frankfurt to Istanbul, and had to take the next flight - three days later - to Dushanbe. Visa problems prevented an Afghan participant and a Uzbek citizen representative from U.S. Embassy Tashkent from coming at all. U.S. representatives emphasized that these difficulties prevent businesspeople from coming here and stifle foreign investment.

#### Constructing New Roads in Central Asia

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14. (U) Kubanychbek Mamaev from the Kyrgyz Ministry of Transportation and Communication noted that companies face severe weather in renovating roads in Central Asia; many roads go through mountainous terrain whose high altitudes are more susceptible to storms and avalanches. However, others described the large amounts of foreign investment in road projects here. Erkinbek Zhumaliyev from the Bishkek-Osh road project stated that the Islamic Development Bank, Asian Development Bank, Japanese Investment Agency and a private Iranian company had invested money to build new roads in Kyrgyzstan, which would integrate different agrarian areas and increase their access to other regional markets.

15. (U) Galina Tarakanova from the Kazakh company "Kazdorproyekt" explained that the Saudi Development Fund, Asian Development Bank, and Louis Berger were funding ongoing road construction projects in Kazakhstan, which would link and

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increase trade between Kazakhstan, Kyrgyzstan, Tajikistan and Pakistan. One problem that these companies faced was Soviet-era standards and infrastructure, which these companies had started to replace and upgrade.

#### Developing Air Travel and Renovating Airports

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16. (U) Mirzomuddin Anvarov, Director of the Dushanbe Airport, described ongoing French-funded efforts to renovate Dushanbe airport. He stated that the airport's current capacity of 200 passengers per hour was not sufficient, which they wished to increase to 300 or 350 passengers per hour. He also described (with help from the French Ambassador) French plans to build a new terminal at Dushanbe's airport, to construct a second runway, and to increase the airport's ability to transport cargo equipment. The director recognized the high price of Tajik Air tickets for many Tajik citizens, but argued that they could not lower prices without losing money, due to the high prices of fuel and spare parts.

17. (U) Uzifulla Azhmoldaev, the vice president of Astana International Airport, described the recent Japanese-funded renovations in Astana which drastically increased its number of international flight destinations. Talaibek Okenov, from the Kyrgyzstan-based "Central Asian Aviation Associates," described the need for most Central Asian nations to upgrade their fleet by purchasing new aircraft. He specifically named Turkmenistan and Uzbekistan as having strong aviation sectors, since they had acquired newer Boeing aircraft. One of the challenges after acquiring these newer aircraft, however, was the need to train pilots to operate their advanced technologies. He described a recent near-fatal accident at Manas International Airport which he blamed on old and outdated equipment. The Director of the

Kabul International Airport, Najeeb Maqsoodi, and his U.S. Federal Aviation Authority's Chuck Freisenhahn described a \$6 million World Bank project, and an additional \$35 million from the Japanese government, to invest to further upgrade Kabul's airport. In the ensuing discussion, participants expressed great interest in increased air links with Kabul.

#### The Road to Investment

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¶8. (U) Embassy Dushanbe's Business Information Service for the Newly Independent States (BISNIS) representative discussed the positives and negatives of the Tajik investment climate. He cited fiscal, labor and monetary freedom as investment advantages in Tajikistan, while naming trade and business freedoms, lack of property rights, corruption and lengthy registration processes as existing impediments to more effective trade. He explained the main role of his office is to facilitate the process for U.S. companies who wish to invest in Russia and the countries of the former Soviet Union, which has resulted in more than \$4 billion of U.S. exports and overseas investments to date.

¶9. (U) Neeraj Jain, Tajik Country Director for the Asian Development Bank (ADB), highlighted ADB's role in the development of the Central Asian transport sector. Over the past ten years, ADB has provided \$1.5 billion of assistance, which has been used to build roads, railways and airports. ADB has also improved 3,250 kilometers of roads, or ten percent of the Central Asian transport corridor, through the Central Asian Regional Economic Cooperation Program, to better connect

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Tajikistan and Kyrgyzstan with China, Uzbekistan and Afghanistan. He admitted that some impediments to progress were weak road and border infrastructures, and a lack of modern technical equipment.

¶10. (U) Assiya Alzhanova from the Almaty-based Small Enterprise Assistance Fund discussed her company's role in promoting entrepreneurship and innovation to small and medium-sized enterprises in growing economies, to help them maximize profitability. Her company's main investors were the International Finance Corporation, USAID, and the Kazakh National Innovation Fund, which allowed her office to invest between \$200,000 and \$1.5 million per company. Elena Anfimova of the International Road Transport Union highlighted the administrative barriers that faced anyone trying to move goods through the region. EconOff gave the final presentation of the day, describing an upcoming regional USAID initiative to facilitate trade and ease customs procedures in Central Asia, which would raise the level of competitiveness for international trade in the region.

¶11. (U) South and Central Asia Bureau's Director for Central Asia Pamela Spratlen in her closing remarks emphasized the U.S. commitment in regional transportation infrastructure -- stretching from the Nizhniy Pyanj bridge opening this summer, to various U.S.-funded conferences, to USAID development programs.

¶12. (U) Comment: A visiting Department of Commerce representative asked participants to describe some of their existing problems, or whether the current level of cooperation between the Central Asian countries was sufficient to accomplish the common goal of integrating the region. An awkward minute of silence passed after he asked this question, which displayed participants' reticence or unwillingness to discuss the tough questions publicly. An exception occurred in an exchange when a representative from Khujand's Airport in northern Tajikistan asked an official from the Kyrgyz Ministry of Transportation what the two countries could do to lower trade barriers and to better facilitate the movement of goods between their borders. The Kyrgyz official recognized that these problems existed, but suggested that these would be problems "for the future."

¶13. (U) Continued U.S. support for development and reform in the Central Asian transportation sector remains necessary to keep the dialogue going. The SABIT Program and other exchange and training programs are invaluable in creating a cadre of leaders open to new ideas and willing to work together to realize them. This conference demonstrated that these leaders share the goals of regional integration, and are actively working towards them. End Comment.  
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